

Top Secret 217

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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday July 13, 1977 CG NIDC 77-161C

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NATIONAL SECURITY INFORMATION

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National Intelligence Daily Cable for Wednesday, July 13, 1977.

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[REDACTED] The NID Cable is for the purpose of informing senior US officials.

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WEST GERMANY - CANADA: Schmidt

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[redacted] //West German Chancellor Schmidt was optimistic yesterday on prospects for an early resumption of Canadian uranium supplies to Euratom following his meeting with Canadian Prime Minister Trudeau.//

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[redacted] //Schmidt told reporters that an interim agreement on the resumption of Canadian uranium shipments "seems fairly easy to achieve" by late summer. His comments indicated Canada had given up its insistence on a veto over reprocessing Canadian uranium in Western Europe. Only two weeks ago West Germany, France, and Italy still adamantly rejected any recognition that Canada has this right.//

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[redacted] //The interim agreement Schmidt predicted would cover the two-year period during which the International Nuclear Fuel Cycle Evaluation Program will be carried out. Such an agreement would almost certainly make it more difficult for the US to renegotiate its accord with Euratom in a more restrictive form.//

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[redacted] //The fact that Schmidt chose to discuss this matter with Trudeau, although Euratom is technically the competent body to deal with the subject, indicates that he may intend to speak on behalf of Euratom in Washington.// [redacted]

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USSR: Publicity for Toth Case

25X1 [redacted] Tass charged yesterday that Los Angeles Times correspondent Robert Toth, who was interrogated at length by the KGB before leaving Moscow at the end of his tour last month, used his press card as a cover for intelligence work. Tass added that Toth was caught "red-handed" and that only the good-will of Soviet authorities kept him from being subject to criminal proceedings. The Tass commentary was the first public reference to the case in Soviet media.

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[redacted] With Toth out of the country, Soviet propagandists may feel the time is right to exploit the incident in which Toth was accused of receiving from a Soviet scientist a paper on parapsychology that allegedly contained state secrets.

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[redacted] Tass charged that, although the CIA had disassociated itself from Toth, other espionage agencies exist in the US and hinted that Toth was working for an agency "related to the Pentagon." The repeated assertion that the Soviets have ample and detailed evidence against Toth suggests that Moscow may use the case to bolster its allegations of US interference in Soviet internal affairs and to inhibit contacts between Soviet citizens and foreigners.

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[redacted] In a clear reference to the case of arrested dissident Anatoly Shcharansky, Tass accused Toth of having received secret information from "one of the renegades now under investigation." Most of the KGB questioning of Toth in fact focused on his relationship with Shcharansky, who may eventually be tried for treason. If the Soviets decide to prosecute Shcharansky, one of the three arrested leaders of the dissident group set up to monitor Soviet compliance with the Helsinki accords, additional public charges of his alleged espionage contacts with Toth and possibly other US newsmen can be expected.

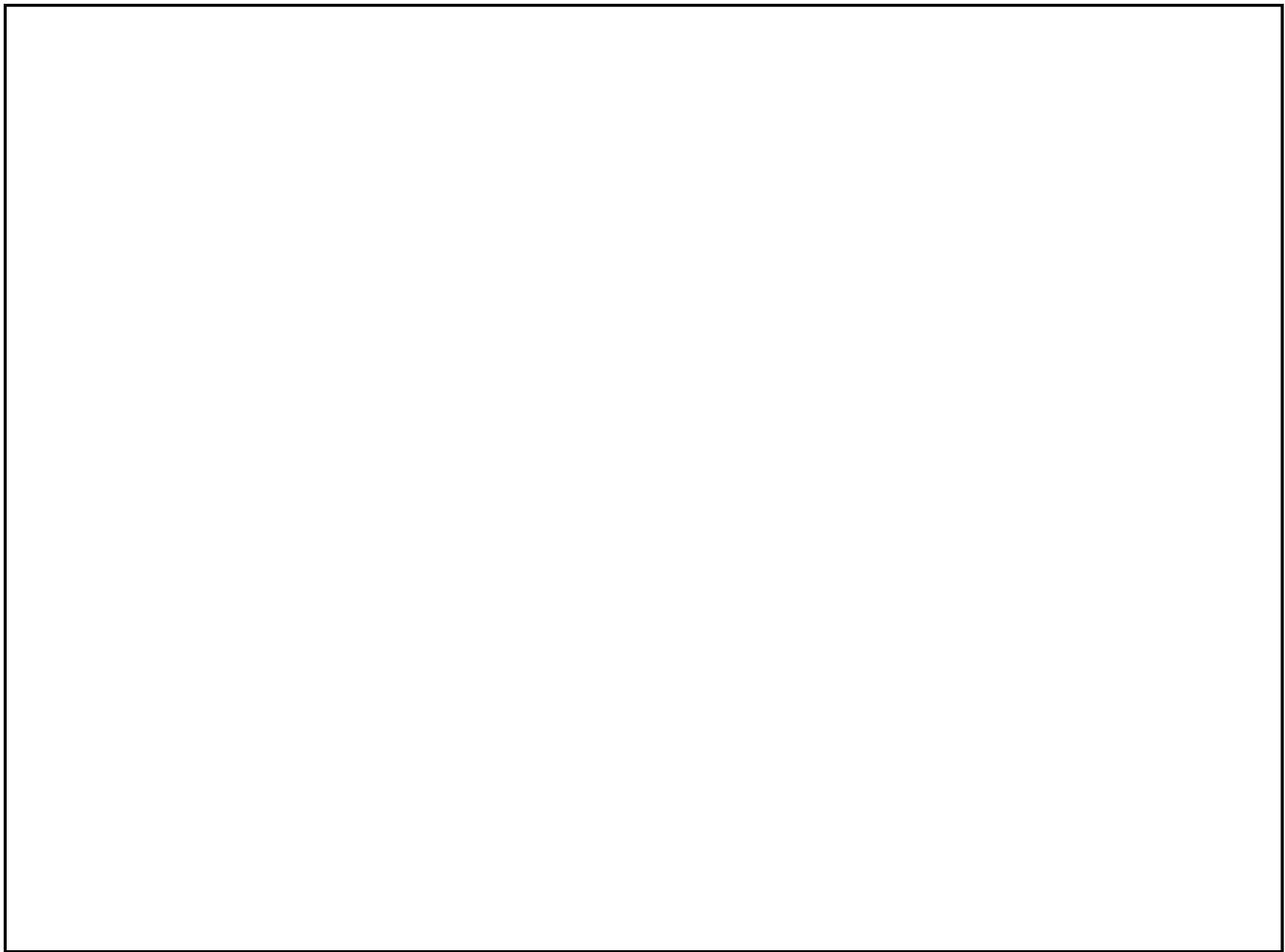
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[redacted] Dissident sources in Moscow said yesterday that the Soviet scientist Toth contacted had been told that no action would be taken against him because he had helped the KGB "to expose an arch-intelligence agent." This will further fuel speculation that the incident leading to Toth's interrogation was a set-up.

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FRANCE: Patronat vs. the Left

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[REDACTED] The powerful French employers association, the Patronat, has launched an intensive, concerted campaign against the common program of the Communist-Socialist alliance. It has also mobilized its resources in support of Prime Minister Barre's economic stabilization program in the hope that an improvement in the economy will result in victory for the non-leftist parties in the election next March.

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[REDACTED] Recent events have contributed to a less defeatist attitude on the part of the French business community. Prime Minister Barre's skillful performance in his debate with Socialist leader Mitterrand in May was generally considered a plus for the governing parties, and the open quarreling within the left over the updating of its common program has encouraged French businessmen. French business is also gratified by a rise in investor confidence, which has led to a moderate recovery of the stock market since it bottomed out in May.

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[REDACTED] The new Patronat strategy was agreed on at a meeting of the organization's secretariat in April. Since then, leaders of France's principal industrial and financial groups have been taking their case to their stockholders, to the heads of the small and medium enterprises, and to the public at large.

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[REDACTED] The Patronat is now taking pains to erase the impression--previously fairly widespread--that it is resigned to a leftist victory. Its campaign emphasizes the apocalyptic dangers inherent in a leftist victory: galloping inflation, devaluation of the franc, bureaucratization of the economy, the heavy hand of the state on small and medium enterprises, and the problems involved in paying indemnities for nationalized industries. Patronat representatives are traveling throughout France encouraging the business community to take on new employees and increase capital spending.

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[REDACTED] Polls show that although a majority of the French are prepared to vote the left into power, only a small minority understands the full implications of what the common program entails. If the Patronat campaign can help illuminate this issue and erase the fatalistic impression among many undecided voters that the left already has the election won, it will be a valuable prop to a divided governing coalition that needs all the help it can get in its election campaign. [REDACTED]

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